

Different World Economies

Social Studies/Economics

Descriptive Overview:

In this lesson, students will be exposed to four types of world economies. They will also learn the historical background that led to the formation of those economies, specifically command and mixed economies.

Lesson Objectives/Goals

- ◆ Describe and compare the economic systems predominate in the world today.
- ◆ Compare and contrast traditional, command and market economies.
- ◆ Explain how mixed economies are a combination of other

Terminology/Vocabulary

- ◆ Capitalism
- ◆ Traditional Economy
- ◆ Command Economy
- ◆ Market Economy
- ◆ Mixed Economy

Adam Smith



**Adam Smith
(1723-1790) is
considered the
father of
modern
economic theory**

Karl Marx



Karl Marx
(1818-1883)

Co-author

The Communist
Manifesto

Traditional Economies

- ◆ **Traditional economies are found in rural, non-developed countries**
- ◆ **Some parts of Asia, Africa, South America and the Middle East have traditional economies**
- ◆ **Customs govern the economic decisions that are made**
- ◆ **Technology is not used in traditional economies.**

Traditional Economies

- ◆ **Farming, hunting and gathering are done the same way as the generation before**
- ◆ **Economic activities are usually centered toward the family or ethnic unit**
- ◆ **Men and Women are given different economic roles and tasks**

Command Economies

- ◆ **The government or other central authority determines how resources will be used**
- ◆ **There is little individual freedom**
- ◆ **There is no competition**
- ◆ **Businesses are not run to create a profit**

Command Economies

- ◆ **Consumers have few choices in the market place**
- ◆ **Factories are concerned with quotas**
- ◆ **Shortages are common because of poorly run factories and farms**
- ◆ **The government dictates the job in which you work**

Command Economies

- ◆ The government sets the prices of goods and services
- ◆ **Examples of command economies: Cuba, North Korea and the People's Republic of China**

Market Economies

- ◆ **Resources are owned and controlled by individuals**
- ◆ **Economic decisions are made by individuals competing to earn profits**
- ◆ **Individual freedom is considered very important**
- ◆ **Economic decisions are made by the basic principals of supply and demand**
- ◆ **Profit is the motive for increasing work rather than quotas**

Market Economies

- ◆ Also called capitalist economies
- ◆ There are many economic freedoms
- ◆ There is competition among businesses
- ◆ Competition determines price which increase the quality of the product

Mixed Economies

- ◆ **Government and individuals share the decision making process**
- ◆ **Government guides and regulates production of goods and services offered**
- ◆ **Individuals own means of production**
- ◆ **Protects consumers and workers from unfair policies**
- ◆ **Most effective economy for providing goods and services**

Review

Four Types of Economics

- ◆ Traditional Economies
- ◆ Command Economies
- ◆ Market Economies
- ◆ Mixed Economies